

JOINT WATER/SEWER ENTERPRISE FUNDS

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The Joint Water and Sewer Enterprise Funds identify resources to provide quality water in sufficient quantity, collect and treat wastewater to acceptable standards, provide professional utility engineering services, and provide utility customer services. The utility operates and maintains water pump stations, reservoirs, wells, water lines, the Southside Water Reclamation Plant, the Soil Amendment Facility, sewage lift stations, odor control facilities, and sanitary sewer lines. The utility also works to secure the region with a safe, adequate, and sustainable water supply.

MISSION

The mission of the Public Works Department is to provide dependable, high quality water, and to collect and treat wastewater.

FISCAL YEAR 2004 HIGHLIGHTS

The FY/04 Budget for Water and Sewer reflects only moderate changes from FY/03. The Department developed the budget by determining only those costs necessary to running the utility operation, including some additional expenses for new CIP coming on line. The net increase in the operating category of expenses is about \$1 million.

The expanded odor control program for the Wastewater Treatment Plant and interceptor sewer system will begin in FY/04. The recurring expenses include two treatment plant operator positions, additional funding for chemicals, and repairs and maintenance. Operation of a new water supply and wastewater treatment system for the Metropolitan Detention Center is also included in this year's FY/04 budget.

Funding of \$1 million is included for the purchase of replacement vehicles and equipment. Half of that will be purchased directly out of the operating fund and the other half out of capital via a transfer from operating.

Debt service payments are nearly equivalent to the amount paid in FY/03, having increased only \$0.3 million. The Capital Program is increased to \$33 million for FY/03 with 50% of the costs paid with operating fund cash transfers. Approximately \$4 million of this sum will be used to acquire a modern utility billing system. The existing archaic system is not reliable and is very expensive to modify and maintain.

This Budget includes a 4.5% increase in revenues for Operations and Maintenance applied equally to the water and sewer portions of the ratepayer's bill. The increase is required to offset continued inflationary pressure on expenses driven mainly by labor costs. The growth in labor cost this year is due primarily to increases in the medical portion of the City's benefit package. The proposed rate increase will take effect July 1, 2003.

Last year the Council adopted the final Phase 6 and 7 step increase of 4.5% each for the Water Resources Management Strategy Implementation (San Juan-Chama surface water diversion project). Phase 6 will take effect May 1, 2003, and Phase 7 will take effect May 1, 2004. Each increase is anticipated to generate an additional \$4 million in revenue.

The Department has re-structured the proposed summer surcharge program in effect for water usage during the months of April through October. Fewer customers will be impacted because of raising the threshold values applicable to the two-tier surcharge structure. The previous conservation threshold of 200% of winter averages has been raised to 300%, while the second tier level will be raised from 300% to 400%. The first tier surcharge rate is 50% of the water commodity rate of \$1.20 or \$.60. This surcharge is applied to water usage over 300% of the winter average within that class of customer. The second tier surcharge is set at 100% of the commodity rate of \$1.20 for usage over 400% of the winter average. In addition, it is proposed that any customer with an "irrigation only" water account will be exempt from this two-tier surcharge structure. Instead, individual irrigation budget allowances will be established for "irrigation only" accounts.

Raising the surcharge threshold values helps promote water conservation to the largest water users while reducing cost impacts to average users. It is hoped these changes will affect customer usage behavioral patterns to prolong our water supply. About \$1.5 million in additional revenue is expected from these revised water conservation surcharge structures.

Because of the success of the City's water conservation program, water usage over the winter has become a larger percentage of overall annual water use. Historically, estimated sewer usage has been billed at 90% of the winter average water use. But with changed patterns of use, the proportion of sewer flow being treated has increased to 95% of average winter usage. Sewer billings will be adjusted to 95% of individual winter average use to reflect these usage pattern changes. About \$1.5 million in additional revenue is expected from this adjustment.

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(\$000's)	ACTUAL FY/02	ORIGINAL BUDGET FY/03	REVISED BUDGET FY/03	ESTIMATED ACTUAL FY/03	PROPOSED BUDGET FY/04	PROP. 04/ ORIG. 03 CHG
PROGRAM STRATEGY SUMMARY BY GOAL:						
GOAL 3: PUBLIC INFRASTRUCTURE						
<u>JOINT WATER AND SEWER OPERATING FUND - 621</u>						
Customer Services	3,327	3,779	3,779	3,749	3,637	(142)
Finance	2,709	3,202	3,202	3,129	4,058	856
Information Systems	301	446	446	389	638	192
Low Income Utility Credit	234	250	250	250	250	0
North I-25 Reuse	116	330	330	221	344	14
San Juan/Chama	2,152	2,033	2,033	2,152	2,222	189
State Conservation Fee	1,082	1,100	1,100	1,100	1,100	0
Strategic Support	1,561	1,373	1,373	1,262	1,363	(10)
Utility Development	555	778	778	771	776	(2)
Wastewater Collection	3,844	4,139	4,139	3,953	4,400	261
Wastewater Laboratory	1,348	1,418	1,418	1,350	1,377	(41)
Wastewater Pretreatment	689	738	738	685	1,788	1,050
Wastewater Treatment	11,108	11,841	11,841	11,065	10,650	(1,191)
Water Contract O&M	66	125	125	73	155	30
Water Distribution Facility Maintenance	6,397	6,640	6,640	7,161	6,471	(169)
Water Distribution Facility Operation	1,865	2,289	2,289	2,164	2,346	57
Water Plant Facility R&M	2,284	2,460	2,460	2,240	2,660	200
Water Plant Facility Operations	7,317	8,286	8,286	7,717	8,338	52
Water Revenue Meter Maintenance	2,345	2,451	2,451	2,767	2,891	440
Water Utility	0	0	0	0	0	0
Trfr from Fund 621 to Fund 110	6,740	6,443	6,443	6,443	7,186	743
Trfr from Fund 621 to Fund 628	9,825	10,500	10,500	10,500	10,091	(409)
Trfr from Fund 621 to Fund 629	475	500	500	500	500	0
Trfr from Fund 621 to Fund 631	37,808	34,463	34,463	34,463	38,561	4,098
Subtotal Jt. Water & Sewer Operating Fund - 621	104,148	105,584	105,584	104,104	111,802	6,218
<u>SUSTAINABLE WATER SUPPLY FUND - 622</u>						
Sustainable Water Supply	7,297	10,400	10,400	10,400	13,665	3,265
Trfr from Fund 622 to Fund 110	373	498	498	498	663	165
Trfr from Fund 622 to Fund 621	0	0	0	0	0	0
Trfr from Fund 622 to Fund 629	5,520	6,400	6,400	6,400	6,050	(350)
Trfr from Fund 622 to Fund 631	1,055	1,033	1,033	1,033	1,831	798
Total Sustainable Water Supply Fund - 622	14,245	18,331	18,331	18,331	22,209	3,878
<u>JOINT WATER & SEWER REVENUE BOND D/S FUND - 631</u>						
Debt Service	45,856	45,981	45,981	45,979	46,235	254
Transfer to Rehab Fund 628	2,638	0	0	0	0	0
Transfer to Capital Fund 629	1,300	4,000	4,000	4,000	5,909	1,909
Total Water/Sewer Debt Svc Fd - 631	49,794	49,981	49,981	49,979	52,144	2,163
TOTAL - GOAL 3	168,187	173,896	173,896	172,414	186,155	12,259
GOAL 5: ENVIRONMENTAL PROTECTION AND ENHANCEMENT						
<u>JOINT WATER AND SEWER OPERATING FUND - 621</u>						
Water Resources	3,166	3,201	3,201	3,157	3,231	30
TOTAL GOAL 5	3,166	3,201	3,201	3,157	3,231	30
TOTAL APPROPRIATIONS	171,353	177,097	177,097	175,571	189,386	12,289
TOTAL FULL TIME POSITIONS	570	515	515	515	515	0

JOINT WATER/SEWER ENTERPRISE FUNDS

JOINT WATER AND SEWER OPERATING FUND 621 Resources, Appropriations, and Working Capital Balance

(\$000's)	ACTUAL FY/02	PROPOSED BUDGET FY/03	PROPOSED BUDGET FY/03	ESTIMATED ACTUAL FY/03	PROPOSED BUDGET FY/04	PROP. 04/ ORIG. 03 CHG
RESOURCES:						
Miscellaneous Revenues	504	575	575	425	420	(155)
Enterprise Revenues	101,423	105,544	105,544	103,921	109,191	3,647
Transfers from Other Funds	1,293	1,401	1,401	1,201	1,329	(72)
Total Current Resources	103,220	107,520	107,520	105,547	110,940	3,420
Beginning Working Capital Balance	6,779	17,967	17,967	17,967	16,253	(1,714)
TOTAL RESOURCES	109,999	125,487	125,487	123,514	127,193	1,706
APPROPRIATIONS:						
Joint Water/Sewer Operations	52,466	56,879	56,879	55,355	58,695	1,816
Transfers to Other Funds:	54,848	51,906	51,906	51,906	56,338	4,432
TOTAL APPROPRIATIONS	107,314	108,785	108,785	107,261	115,033	6,248
ADJUSTMENT TO WORKING CAPITAL	15,282 (a)	0	0	0	0	0
ENDING WORKING CAPITAL BALANCE	17,967	16,702	16,702	16,253	12,160	(4,542)

(a). Returned from Escrow set up to purchase NM Utilities (\$15,980)

SUSTAINABLE WATER SUPPLY FUND 622 Resources, Appropriations, and Working Capital Balance

(\$000's)	ACTUAL FY/02	ORIGINAL BUDGET FY/03	REVISED BUDGET FY/03	ESTIMATED ACTUAL FY/03	PROPOSED BUDGET FY/04	PROP. 04/ ORIG. 03 CHG
RESOURCES:						
Miscellaneous Revenues	197	400	400	140	300	(100)
Strategy Implementation Revenues	13,276	17,710	17,710	17,710	21,610	3,900
Total Current Resources	13,473	18,110	18,110	17,850	21,910	3,800
Beginning Fund Balance	5,302	4,514	4,514	4,514	4,033	(481)
TOTAL RESOURCES	18,775	22,624	22,624	22,364	25,943	3,319
APPROPRIATIONS:						
Sustainable Water Operations	7,297	10,400	10,400	10,400	13,665	3,265
Transfers to Other Funds	6,948	7,931	7,931	7,931	8,544	613
TOTAL APPROPRIATIONS	14,245	18,331	18,331	18,331	22,209	3,878
ADJUSTMENT TO FUND BALANCE	(16)	0	0	0	0	0
ENDING WORKING CAPITAL BALANCE	4,514	4,293	4,293	4,033	3,734	(559)

JOINT WATER/SEWER ENTERPRISE FUNDS

JOINT WATER AND SEWER REVENUE BOND DEBT SERVICE FUND 631 Resources, Appropriations, and Fund Balance

(\$000's)	ACTUAL FY/02	ORIGINAL BUDGET FY/03	REVISED BUDGET FY/03	ESTIMATED ACTUAL FY/03	PROPOSED BUDGET FY/04	PROP. 04/ ORIG. 03 CHG
RESOURCES:						
Miscellaneous Revenues	12,739	10,985	10,985	11,754	10,550	(435)
Transfer from Other Funds	38,863	35,496	35,496	35,496	40,392	4,896
Total Current Resources	51,602	46,481	46,481	47,250	50,942	4,461
Beginning Fund Balance	3,780	5,731	5,731	5,731	3,002	(2,729)
TOTAL RESOURCES	55,382	52,212	52,212	52,981	53,944	1,732
APPROPRIATIONS:						
Total Joint Water/Sewer D/S	45,856	45,981	45,981	45,979	46,235	254
Transfers to Other Funds	3,938	4,000	4,000	4,000	5,909	1,909
TOTAL APPROPRIATIONS	49,794	49,981	49,981	49,979	52,144	2,163
ADJUSTMENT TO FUND BALANCE	143	0	0	0	0	0
ENDING FUND BALANCE	5,731	2,231	2,231	3,002	1,800	(431)